



August 13, 2002

FILED ELECTRONICALLY

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: EX PARTE

***In the Matter of Qwest Communications International, Inc.
Consolidated Application for Authority to Provide In-Region,
InterLATA Services in Colorado, Idaho, Iowa, Nebraska, and North
Dakota; WC Docket No. 02-148***

Dear Ms. Dortch:

WorldCom, Inc. (WorldCom) hereby files revised price squeeze analyses in the above-referenced docket to reflect slight reductions in Qwest's rates for unbundled network elements (UNE) that occurred after WorldCom filed its comments in this proceeding. Despite the revised rates, there continues to be, consistent with our comments in this docket, an insufficient gross margin in zones 2 and 3 in all five states (Colorado, Idaho, Iowa, Nebraska, and North Dakota) and an insufficient gross margin in zone 1 in Iowa and Idaho.¹ The revised price squeeze analyses, attached hereto, also show that in four of the five states in question, the statewide average gross margin continues to be insufficient.² As explained in our comments in this proceeding, we perform a price squeeze analysis by subtracting the costs of leasing UNEs from the

¹ See WorldCom Comments, *In the Matter of Qwest Communications International, Inc. Consolidated Application for authority to Provided In-Region, InterLATA Services in Colorado, Idaho, Iowa, Nebraska, and North Dakota*, WC Docket No. 02-148, filed July 3, 2002 (WorldCom Comments) at 32-34 and Exhibit 1.

² Only in North Dakota has the statewide average gross margin improved to any meaningful degree, *i.e.*, to a point where competitors have an opportunity to not lose money providing UNE-P residential service to the mass market.

monthly revenue a carrier would receive if it provided a standard measured product, one feature at the same retail price Qwest charges, and the SLC.³ From that amount, *i.e.*, the gross margin, a carrier must recover its own internal costs, which exceed \$10 per-line per-month, as WorldCom has explained previously.⁴ Thus, despite Qwest's adjustments to some of its UNE rates, the gross margin continues to be insufficient in significant portions of the states for which Qwest seeks section 271 authority here.

Please call me with any questions about this matter.

Sincerely,

///s///

Lori E. Wright
Associate Counsel
Federal Advocacy

cc: S. Morris, N. Guendelsberger, E. Yockus, M. Carowitz, G. Remondino, M. Cohen (DOJ), R. Harsch (DOJ), ND PSC, J. Jewel (ID PUC), P. Baker (IUB), C. Post (NE PUC), B. Smith (CO PUC), Y. Doran (Hogan & Hartson)

Enclosures

³ See WorldCom Comments at 33.

⁴ See WorldCom Comments at 33.